

## **Why Leasing?**

**Leasing conserves working capital.** Use our funds for your profitability without adversely effecting valuable bank lines or cash reserves.

**Leasing pays for itself.** Profits are realized through the use of equipment, not the ownership of equipment.

**Leasing overcomes budget constraints** by paying for equipment over time.

**Tax advantages.** There are few financing options that give you the tax advantages that leasing does.

### *Benefits by Lease Type:*

#### **Finance Lease:**

**The benefit of this lease type is that you can take advantage of IRS Section 179 and expense up to the amount allowed for the year the equipment is installed. You may depreciate any excess on the depreciation schedule for that particular asset. Typically, a finance lease is a full pay out, non-cancelable agreement. You are responsible for maintenance, taxes and insurance.**

**Example of Tax Benefit : The equipment is installed in the year 2007 and the cost is \$35,000. Using IRS Section 179 and using a 33% tax bracket, your tax savings by leasing, versus buying, would be  $\$20,000 \times .33 = \$6,600$ , plus the depreciation value on the remainder of \$15,000!**

#### **Tax Lease/True Lease:**

**The benefit of a True Lease is that the lessee may be allowed to claim the entire amount of the monthly investment as a tax deduction. Many lease rental contracts qualify as a true lease. A tax lease or true lease are leases for which the lessor retains ownership.**

**Example of Tax Benefit: Monthly investment/payment is \$1,000. Term is 36 months. Assuming a 33% tax bracket, your monthly tax savings would be  $\$1,000 \times .33 = \$333$ . The total tax savings over the term of the contract would be \$11,998!**

**Call Martin Lucie at Westover Financial at 800-982-5868 ext. 114 with any additional questions.**